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# Empowering Agents to Employ Digital as a Competitive Weapon

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For most personal lines insurers, agents bring a hands-on advisory role that can be unmatched in establishing strong person-to-person customer relationships and delivering distinctive experiences. Carriers can sustain, and even extend, this advantage for high performance if they take action to fully enable their agents to compete in an increasingly digital world.

## Consumer trends point the agency channel towards a digital future

Competitively speaking, social and digital media matters like never before. Insurers and agents unwilling, or unable, to integrate and engage it effectively will lose relevance and ultimately miss out on growth opportunities. Two major trends suggest that business as usual is no longer viable: the growing number of online shoppers, and the increasingly intense competition from direct writers.

Of the consumers looking to buy insurance, many are incorporating digital channels as part of their buying process. In fact, JD Power research showed that 54% of auto insurance shoppers report getting their quote online.<sup>2</sup>

Online shoppers expect to learn about carriers, compare products, obtain price quotes and purchase a policy quickly and easily. Some rely on social media to get information and advice about products, brands and purchasing decisions. Twenty-one percent of consumers use, or are considering using, social media to perform research on insurance products; 36 percent of consumers under age 34 would consider using social media to perform such research.<sup>3</sup> Some shoppers prefer to chat online, text or e-mail rather than to call or meet in person. Many shoppers who conduct research online will ultimately buy insurance from a human—either a local agent or a contact center associate. Similar to consumer behavior already widely observed in the retail industry, rather than replacing one channel with another, many insurance consumers are diversifying and using more channels than ever to meet their needs.

And, the competition for market share continues to intensify. Direct-to-consumer insurance companies have been quite successful using clever marketing, simplified product design, and digital technology to achieve profitable growth and gain market share in personal auto insurance. This growth has primarily been at the expense of insurers that distribute products using agents or brokers. The online auto insurance market has been dominated by only a handful of insurers over the past few years, with GEICO and Progressive accounting for over 50 percent of all quotes submitted online.<sup>4</sup>

## Reasons for agents and insurers to take notice

These key market trends are causing a shift in the role of agents and brokers, still the primary channel for insurance distribution. Agents are being called upon to increase sales rather than simply retaining the existing customer base built earlier in their careers. Some agents may be willing to make this shift; however, many will not. To provide increased agent capacity for marketing and sales, carriers are increasingly taking on post-sale service—a role historically played by agents. By using centralized call centers and self-service capabilities, insurers are able to serve customers at a lower cost than agents and at improved service levels, including 24/7 availability.

Even those agents who are motivated to make the shift to a sales focus lack a clear web or social media strategy, a branded, feature-rich digital presence, relevant digital content and robust tools that better connect them with customers and the insurer. Agents generally do not have available or ample funds, skills and time to construct and run their own

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high-impact, competitive sites, and do not have adequate marketing budgets to drive traffic to those sites. Only 48 percent of independent insurance agents have web sites, and of those, only about 20 percent keep the sites updated.<sup>6</sup> Half of all agents did not use social media last year.<sup>7</sup> Eighty-four percent of captive and independent insurance agents primarily call or meet their clients in person when they need to get in touch with them; only 15 percent regularly turn to e-mail for this communication.<sup>8</sup> Additionally, a lack of integration among insurers' channels hinders a seamless buying experience. A lead passed from the Internet site to an agent, for example, often results in missed consumer expectations of a rapid response and loses important contextual information in the transition process, resulting in sub-optimal sales outcomes. Increasingly, agents are looking to the carrier to help them connect with online shoppers, improve their digital presence and ultimately increase both leads and win-rates.

## Agents can exploit digital for competitive advantage

Agents have an advantage emphasizing local insurance advisory expertise that consumers touch, see and value. They are the premier channel for forming person-to-person relationships and delivering differentiated customer experiences which are keys to achieving growth in insurance. In fact, 89 percent of insurers believe that the ability to tailor customer experiences is important or critical.<sup>9</sup> One successful method of achieving this personalized insurance service is having capable agents and brokers who are experienced in identifying pockets of potential consumers and developing meaningful dialogue with them both pre and post sale.

Rather than replicating the customer value proposition of direct writers, agents and insurers striving for high performance will change the game and exploit digital technologies to enhance the competitive advantage of agents.

## Agents of the future will be customer-centered, digitally smart

Agents of the future will operate much differently from today. They will be customer-centered and digitally savvy in helping consumers quickly find the right products and services at the best price—and doing so efficiently and profitably. They will leverage social networks to build their prospect list and will use blogs and micro-blogs to pass on relevant information to their customer base. They will leverage online customer testimonials to strengthen their reputation. Agents of the future will utilize multiple channels to their advantage, promoting self-service for routine transactions, leveraging call centers as an extension of their office, and using advanced telephony capabilities to improve staff productivity and effectiveness. And naturally, they will use mobile and collaboration technologies to be more responsive at critical moments of truth.

A compelling agent digital presence will cater to the local market, providing personalized information that reflects insights extracted about the visitor from user input, third party data, and site navigation behaviors. It will enable agents to interact with prospects and customers in a two-way dialogue in the digital forums that they prefer. Tools, such as live-chat/video-chat and rich-media (videos and podcasts), will help broaden agents' reach. Analytics will match customer needs with the appropriate response, whether that entails direct

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78 percent of online insurance shoppers purchased their auto insurance offline.<sup>10</sup>

contact with an agent or further lead-nurturing before a lead is considered qualified. Customers can transition from researching coverage online to a person-to-person sales call to post-sale interaction seamlessly across multiple channels—phone, online, mobile and in person.

Success in the digital world requires a departure from insurance business as usual. Insurers will need to invest in their agents' ability to thrive in it, an imperative that requires a clear multi-channel strategy, operating model and roadmap.

## Insurers need to provide agents with the tools to thrive in a digital world

With scale and efficiency on their side, carriers can drive transformation of the agency structure into a digitally-powered, more competitive engine for growth. Carriers should take four key actions to make it happen:

- Attract, hire, train and retain digital-savvy agents.
- Bring the strength of scale and skill to the agents' digital presence.
- Organize around the customers' preference for "one conversation" across multiple channels.
- Empower agents to deliver a "local" personalized experience online.

## Attract, hire, train and retain digital-savvy agents

The ultimate differentiator in an agency model is the broker or agent's ability to establish enduring relationships with customers and the local market. Insurers need to improve their ability to attract, hire, develop and retain agents who can successfully build relationships in the digital world. Given that the

average age of an agency principal is 51<sup>11</sup>, insurers must empower the next generation of agents—equipping them with the tools and support that help them to be visible, connected, relevant and effective in an increasingly digital and mobile world. In doing so, they will strengthen the agent value proposition to help them win the battle for sales talent and secure agents that are most likely to know and embrace new digital-enabled marketing and sales tactics.

## Bring the strength of scale to agents' digital presence

To extend their web presence, most agency principals have a choice between two unattractive options:

- 1) Leverage the carrier's website where agents are often allocated only an agent profile page, or
- 2) Build their own agency website that often lacks transactional capabilities, offers limited co-branding opportunities and generates low traffic.

Carriers can leverage their scale and technology investments to cost-effectively extend high-quality, robust digital capabilities and websites to agents. As a basic example, Progressive Insurance partnered with Web.com to offer Web site templates and search-and-display marketing packages at reduced rates to independent agents. The solution allows customers to receive online quotes while also maintaining a relationship with their agent, and provides lead-generation for agents.<sup>12</sup> Fueled by advances in real-time experience optimization and configurability, digital technologies have become more flexible and can enable carriers to personalize a customers' digital experience and integrate unique agent value propositions for specific customer segments that are likely to value an agent relationship.

Moreover, carriers can extend their digital support to enable agents to connect with customers via social media by providing starter kits, training, best practices, content, and seamless access to quoting and other transactional capabilities. They can also help their agents steer clear of regulatory issues and provide tools to help them monitor and improve the effectiveness of their social media investments.

## Organize around a customers' preference for "one conversation" across multiple channels

Insurers need to dismantle strong internal barriers, enabling agents, call centers, internet, mobile, social media, and other channels, to work together to meet consumers wherever and whenever they shop for insurance. For most carriers, it will entail an operating model shift from multiple independent channels to a seamless customer dialogue enabled by a leadership team and organization that is aligned around the customer. Achieving this alignment typically entails tackling difficult changes to organization design, governance, performance management, incentives, behaviors, and culture.

As evidence of these challenges, Accenture research indicates that 68 percent of e-business managers globally say that their company supports a vision for a consistent cross-channel experience, but only 29 percent say that their company actually has the ability to follow through on that promise.<sup>13</sup> To get in the best position to achieve the cross-channel vision, insurers need to develop a strategy and roadmap to move towards true customer-centric operations.



## Empower agents to deliver a “local” personalized experience online

Insurers also need to take advantage of today’s digital technology to highlight agents’ key value: local presence and relationships. Rather than offering the same experience to all online shoppers, search and experience optimization tools can customize the experience based on insights derived from customer demographics such as location, gender, and age; customer intent as expressed through search terms; and browsing history. So when a single mother of two from Chicago searches for auto insurance advice, she will get search results that direct her to a customized landing page that presents content most relevant to her interest. As more information becomes known about her through the quoting process, she may be connected to a Chicago agent who has a desirable close and cross-sell rate for consumers like her and is available to speak to her in real-time. Furthermore, that agent will be ready to seamlessly transition into a conversation with her and be well positioned to meet her needs and maximize customer lifetime value. As such, agents’ online profiles should expand to provide much more insight into who they are, what they do, what their customer’s think of them, and introduce their market specialties and the value they offer their customers. Insurers can find better ways to present and highlight the agent value on their own sites as well as by linking to agents’ social media presence such as Facebook pages, LinkedIn profiles and agent blogs.

## Digital offers a path to growth and profitability for both agents and carriers

A digitally-powered agent network can take the consumer buying experience to a new competitive level and meet consumer needs with a distinctive value proposition that offers both convenience and local relationships. For the agent and insurer, the investment will pay off in ways that grow sales and profitability through both direct and agent-based sales. In particular, the approach will:

- Better meet customer needs and expectations to increase customer loyalty
- Drive more online and offline leads
- Improve conversion rates
- Increase customer lifetime value, including retention and products per customer
- Lower cost of sales and the cost to serve.

## Start the agent transition to digital now

Visionary agents and insurers know they need to make a real shift now as part of a modern agenda to support high performance. Accenture can help insurers develop a vision and road map for transitioning themselves and their agents successfully into the digital reality, create the right customer experience and achieve high performance. Agents who adapt to consumers’ digital lifestyles will not only provide high value personalized service that insurance buyers expect, but they will compete more efficiently and effectively in a rapidly changing marketplace.

## About the Author

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